EXHIBIT 1
DATE 4/8/11
HB HJ 31

LC 0752 HJ 31
Study of Property Tax Reappraisal Process
Public Testimony
Patty Lovaas

This testimony is for the public record in support of LC 0752 HJ #31, introduced by Gordon Hendrick.

ISSUES

1). The property tax scheme in Montana is unconstitutional.
2). There is a conflict of interest with an executive agency, the Department of Revenue, assessing property value and financially benefiting from the property tax collected by the assessment.
3). The appeals process is prejudicial in favor of the State.
4). The administration of the current system is costly and inefficient.

SOLUTION

If the State wishes to continue to use property taxes as a way of funding schools and local government services, a major revision of the process needs to be implemented to restore the public confidence and public trust in an equitable and fair property valuation process.

Establishing a new Department to administer the ad volarem tax scheme, which many states currently have, would resolve the issues noted above. This would involve transferring all current Title 15 provisions relating to property tax appraisals to the new Department.

Department of Property Assessment

The Department of Property Assessment shall have full charge of assessing all property subject to taxation and equalizing values and shall secure such personnel as is necessary to properly perform its duties.

(a) Part 1. General

The Department of Property Assessment, has all the duties pertaining to property assessment and taxation.

(b) Part 2.

Property Assessment Director – A salaried employee from qualified applicants and confirmed by the Legislative Administration Committee.

(c) Part 3. Property Assessment Committee – 3 members to be appointed by the Legislature for 3 year intermittent terms.

(d). Part 4. Each county shall provide an arbitrator per Article VIII Section 7 of the Montana Constitution to review any disputes prior to appealing to the Property Assessment Committee.

PROPERTY TAX ANALYSIS
2003-2008 CYCLE

TAXPAYER ID	COMPLIANCE	REAPPRAISAL VIOLATION	EXTENDED CREDIT ELIGIBLE VIOLATION
1		X	
2		X	
3			X
4		X	
5			X
6			X
7		X	
8			X
9		X	
10	X		
11	X		
12			X
13			X
14	X		
15			X
16		X	
17			X
18			X
19			X
20-21		X	X
22		X	
23		X	
24-25		X	X
26			X
27-28		X	X
29-30		X	X
31-32		X	X
33			X
34		X	
35			X
36		X	
37			X
38			X
39			X
40-41		X	X
42-43		X	X
44	X		
45	X		
46	X		
47			X
48	X		
49-50	X		X
Totals 50 Samples	8	17	25
Sample Percentage	16%	34%	50%

* Property value increases and tax increase applicable. Income level over limit or income level unknown for extended property tax credit.